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Government loans on real
estate

Washington, D.C.

1890

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No. 11

GOVERNMENT LOANS ON REAL ESTATE,

S P E E C H

OF

✓ HON. LELAND STANFORD,

OF CALIFORNIA,

IN THE

UNITED STATES SENATE,

DEC. 19, 1890.

WASHINGTON, D. C.

1890.

GOVERNMENT LOANS ON REAL ESTATE.

SPEECH
OF
Hon. LELAND STANFORD,
OF CALIFORNIA. [111]

In the United States Senate, on Friday, Dec. 19, 1890, Senator STANFORD, of California, called up the Bill, S. 4528, "A Bill to provide the Government with means sufficient to supply the national want of a sound circulating medium," and addressed the Senate on the same as follows:

MR. PRESIDENT:

The bill I introduced a few days ago and that I propose now briefly to consider, is substantially the same bill introduced by me May 23 of this year. I have not very much to add to what was said upon the subject on a former occasion, but I find that the bill has been very imperfectly understood even in this Chamber.

The subject it proposes to deal with is a most important one, and, if the bill is correct in principle, is calculated to affect in a most substantial manner the general interests of the country. Money is the most important factor in the business relations of the country and the exchange of commodities, except production itself, to which it is essential.

Gold and silver are used as material in the manufacture of money throughout the civilized world, so much so that there is confusion in idea between their value as metals and their value as coinage, and they are sometimes regarded as money itself. There is a limit to the quantity of these metals and the amount cannot be increased by any effort on the part of the Government.

Thus the Government, confined to these metals, is unable to supply money for general circulation, except as individuals

may from time to time furnish metal and ask its coinage. In consequence, whatever may be the want of money, the Government is unable to take the initiative and supply it. For the Government to confine itself in the coinage of money to a material outside of its control and limited in quantity, seems to me clearly to be a great mistake which cannot be too soon corrected. The Government reserves to itself the right to make money, it is therefore its correlative duty to furnish an ample supply.

Money is entirely the creature of the law and is valuable according as the Government may declare it, within its own jurisdiction. Gold, silver, or any other metals used as money are only legal tender within the jurisdiction of the Government that stamps the metal. Outside, whatever may be its material, money ceases to be money, and if it has any value at all it is simply as material that may be useful to mankind in various ways.

The fact that the stamp makes the money has been recognized since the day of Aristotle, who said that money existed not by nature but by law. On the testimony of Thomas Baring (as appears in an article on money in the American Cyclopædia) it was found impossible during the crisis of 1847 in London, to raise any money whatever on a sum of £60,000 of silver, and in 1864, in Calcutta, during a similar crisis, it was impossible to raise a rupee on £20,000 of gold. In England silver was not a legal tender for any amount above 40 shillings, while in Calcutta gold was not a legal-tender for any sum at all. The same authority informs us that in 1855 Holland adopted silver as the only legal tender at a fixed value, but attempted to coin gold having no legal tender value, the value of the coins being regulated by the market price for gold from day to day. After 200,000 florins of gold had been coined the demand entirely ceased, for the want of a legal-tender quality.

At different times many things have been used as money. Cattle served as such in ancient Greece and Rome. The Romans used wood, leather, and tin as well; the Greeks have used iron; in India at this time Cowrie shells are current coin, and in Africa we know that cocoanuts, beads, cotton

prints, etc., pass as currency. The importance of money, whatever it may be or in whatever shape, in the transactions of the civilized world, cannot be overestimated. On a sufficiency of money depend very largely the industries of the country. An illustration of its importance is to be found in the present depressed financial condition. Never was there so great an accumulation of wealth as now, never was the country more prosperous; yet, owing to the want of money upon a slight disturbance of credit, there is distress all over the land. Business is affected, and so general is the uneasiness and apprehension, that money which ought to be in circulation is being hoarded. Credit is shaken to such an extent that the demand for money is continually on the increase, and there appears to be no power anywhere to furnish the necessary amount. Even on the best securities money can only be obtained upon call. The distress consequent upon this condition of affairs is general throughout the land, and this in the face of inexhaustible supplies of perfect securities.

The bill I am now considering proposes to put the Government in a condition to issue a supply of money equal substantially to the general demand, and to erect a standard by which the Government may determine up to a useful value of 2 per cent. what is the amount needed. This has never been attempted by any government. The money (legal-tender notes) will be issued under the provisions of this bill, upon unimpeachable and practically inexhaustible security, and its supply is ascertained and determined by the rate which the borrower can afford to pay. Two per cent. is the amount to be paid to the Government for the loan of its money, and so long as money is worth more than 2 per cent., the security being practically inexhaustible, money will always be borrowed from the Government, and thus the Government will be able to discharge its duty and supply the general want. As borrowed money is not expected to lie idle but to be used, it goes into general circulation to supply the needs of business and its abundance stimulates not only the larger but the smaller enterprises and industries on which so largely depends the steady employment of labor with its natural consequence—general prosperity.

The importance of the Government putting its stamp upon a material inexhaustible is best appreciated by considering the vast volume of the internal business of the country, and the frequency of exchange as compared with the foreign business, whose volume is easily ascertained and is mainly settled by the products of the country, only a small percentage of foreign business being transacted through the medium of gold and silver. It is the internal commerce that should receive our first consideration, and this system of land security is equal for this purpose to inexhaustible mines of gold and silver.

Outside the jurisdiction of this country our coins, gold and silver, are but commodities, as wheat and other products, which we send abroad. For our gold and silver money is not sent abroad as legal tender, but as a commodity which will be thrown into the scales and weighed just as wheat, corn, beef, mutton, or any other product. But even if our coined gold and silver were a legal tender in foreign countries, compared to the amount needed for our home transactions, or even to the agricultural and other products which we send abroad, it would be comparatively insignificant.

The matter of immediate and overshadowing importance to us is to supply our own industrial wants. For this purpose we must have more money, money based upon perfect and unlimited security.

Mr. Clay said :

Anything the Government will receive in payment for public dues is money, and good money, no matter what its form may be.

No government can afford to issue money except upon a valuable consideration. The value of Government paper is its quality as legal tender, and the proposed bill would strengthen this paper (if the credit of a government of sixty-two millions of people, with all our vast resources, is not perfect) by the particular security which the Government would hold for its return at the expiration of the time fixed by the loan.

The principle of our Government loaning money is fully established by the advance it now makes upon its own bonds,

which, while entirely good as between the banker and the Government, does not strengthen the security of the billholder, which rests at last upon the authority of the Government. Bank of England notes are at par and sometimes above par in almost every part of Europe, yet the Bank of England is a private institution owned by individuals and its bills are not national (and, of course, are not legal tender outside of Great Britain). A £5 Bank of England note is as valuable in any part of Europe as £5 in gold coin, yet a Bank of England note cannot be as good as would be a note issued by the Government, for the reason that a part can never be equal to the whole.

That there is something radically wrong in the present system of finances of all countries is evinced by the fact that governments—practically the owners of all a nation's property, possessing the right of taxation and sustained by the entire people—constantly borrow money from their private citizens to supply their wants.

It is true that during our last war Government paper fell below the par value of gold, but that is an extreme case to quote, as the war threatened the stability of the Government itself; moreover, our Government discriminated against its own paper by refusing to accept it as a legal tender, thus first discrediting it by establishing a distinction between two kinds of money that bore its stamp.

I remember while I was Governor of California, in 1863, the Legislature passed what was known as the Specific Contract Act, which provided that parties might specify between themselves what kind of money they would receive in payment of debts. I wrote a message vetoing the bill, taking the general ground that it was our duty to support our Government in its extremity, and that one of the ways to do this was to take its money at par and pay it out accordingly, but before my message went to the Legislature the news came that the Government was discriminating between its paper and gold in paying its employes at the Navy Yard at Mare Island. I realized at once that if the Government was thus discriminating it was useless for me to attempt to sustain its paper money. I accordingly tore up my veto message and

signed the bill, which was in itself fair as between individuals, as it provided only for carrying out a contract according to agreement. When at that time we needed gold for purchases abroad I believed, and believe still, that the Government could, by issuing its bonds for gold needed, have maintained its paper at par within its own jurisdiction.

The scheme of this bill is to supply an ample amount of money for all business purposes. I have mentioned lands as security because they appear to be the best and most certain of all security, and are sufficient to furnish all the money that is needed. The people, I think, will have more confidence in a financial measure that is new and radical if it has at present land only for a basis.

The rate of interest on these loans on real estate is fixed at 2 per cent. in the bill, but in time may be reduced as experience shall teach. As I have remarked on a former occasion money should only be considered as an important tool in the production and exchange of commodities. It is a tool universally needed and has no other value except as a commodity, and the latter has nothing to do with its money value. Fortunate indeed are a people that have an unbounded supply of such imperishable security. The power of money is only to be measured by the extent to which it is used; to the extent of the credit given on property the value becomes energized as illustrated in the case of the 90 per cent. of currency advanced by the Government on its own bonds. One hundred thousand dollars in United States bonds are worth to the owner in his vault and to the owner only, say, \$4,000 per annum, the interest they bear, but when the owner receives the 90 per cent. of the money in legal tender the latent force is energized and the \$90,000 in its activity may create in a single year a value equal to the entire amount advanced. The same energy can be imparted to the latent value of land by a loan, as in the case of a loan upon bonds. Money is only valuable in its activities, and to the extent that it is in activity there will be production and corresponding benefits to the laboring classes, who, after all, are the great multitude of our people, and as such they involve the greatest economic considerations.

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THE SCIENCE OF MONEY BRIEFLY STATED.

"In the interchangeability (at the option of the holder) of *National Paper Money* with Government bonds bearing a fixed rate of interest, there is a subtle principle that will regulate the movements of Finance and Commerce as accurately as the motion of the steam engine is regulated by its 'governor.' Such *Paper Money Tokens* would be much nearer perfect measures of value than gold or silver ever have been or ever can be. The use of gold or other merchandise as money is a barbarism unworthy of the age."

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§ Subject to change AFTER ~~the~~ public notice.

To illustrate how far the activities may determine the values, suppose a man borrows \$100 for one year at 6 per cent., and employs 100 men to work for him at \$1 a day. With this sum of \$100 he is able to employ them one day. If he can convert the product of their labor into cash at the close of the day, he can employ them the next day, and so on for every work-day in the year. The six dollars interest on the money in the presence of such activities becomes inconsequent.

The rate of interest charged by the Government under the provisions of this bill will not necessarily fix the general rate of interest for business purposes. That will always be determined by its value in use. The farmer having this best security will borrow for his own use, or the use of others who may be willing to pay him a satisfactory interest. The banker borrows money from the Government free of interest, and loans it at such rate as its use commands in the market.

This measure has been compared to a plan adopted in the Argentine Republic for loans on land, but there is no analogy between the two, and to compare the working of a measure of that Republic of, say, five millions population to that of our country with its enlightened sixty-two millions would be like comparing the methods of some irresponsible banker to those of the Rothschilds.

So far as I have been able to ascertain, the history of this Argentine Land Loan is substantially as follows:

Some years ago the Argentine Government conceived the plan of raising real estate values by what might not inaptly be called "booming." The better to effect this it authorized two banks, called the National and Provincial Banks, to issue a species of land bond called Cedula or Certificate. These bonds were issued in return for land mortgages of 50 per cent. on appraised value of the land. The mortgagor received no cash for his mortgage, simply the bond of the bank, which he then had to negotiate on the street for what it would fetch. The bonds bore 8 per cent. interest in paper, and the mortgage was redeemable at the bank on presentation of bonds for the same amount. About 400 millions of dollars' worth of these cedulas were issued.

The difference between this scheme and the plan embraced by the bill under consideration is so wide and marked that I need hardly point it out. The cedula system provides for no increase of money. The bank was merely authorized to give a bond, and the bond was exchanged for a certain amount of money already in circulation.

I shall not at this time consider the details of this bill. The machinery for putting it in operation can best be determined by experience.

But the bill provides how it may be put into operation with safety to the Government.

The amount needed will be determined by the uses to which money can be put at a profit of above 2 per cent. Should the value of money for use under any circumstances fall below 2 per cent., in that case the money would be restored to the Government and the mortgages released, until the money would again readily command 2 per cent.

So far as I can ascertain no government has ever attempted to furnish an adequate supply of money, or establish any standard by which its want could be ascertained.

This bill fixes a standard for the amount so long as money can be profitably used at more than 2 per cent. per annum. The ability of the Government to make money being unlimited upon good security, and the landed security of the Government being substantially unlimited, the real wants and necessities of the people can be ascertained and met.

The foundation of the whole matter and the real question to be considered is, that inasmuch as the Government reserves the right to issue money, it is its duty—the means being provided—to furnish what is necessary to the prosperity of the people.

I move the reference of the bill to the Committee on Finance.

The VICE-PRESIDENT. The question is on the motion of the Senator from California that the bill be referred to the Committee on Finance.

The motion was agreed to.

The Bill is as follows:

A BILL to provide the Government with means sufficient to supply the national want of a sound circulating medium.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby established in the Department of the Treasury of the United States a bureau to be known as the land loan bureau.

Sec. 2. That a chief and deputy chief of such bureau shall be appointed by the President of the United States, by and with the advice and consent of the Senate; the salary of the chief of such bureau shall be six thousand dollars per annum, and of the deputy chief five thousand dollars per annum.

Sec. 3. That it shall be the duty of the chief of such bureau, under the direction and with the approval of the Secretary of the Treasury—

First. To superintend the affairs of the bureau; to receive and approve or reject applications for loans.

Second. To keep a record of all such applications and of the action had thereon.

Third. To keep an account with every person to whom a loan is made.

Fourth. To keep an account with the Treasurer of the United States, showing all moneys received and disbursed by him and the purpose for which such receipts and disbursements were made: to collect and pay into the Treasury of the United States all loans when due, payable.

Fifth. To make all proper rules necessary to carry this act into effect.

Sixth. To appoint such subordinate officers of the bureau as may be necessary to carry out the provisions of this act, and to define their duties and fix their salaries; which salaries shall in no case exceed the salaries now paid for similar clerical services in the Treasury Department.

Seventh. To prescribe the form and manner of keeping accounts with the Treasury of the United States, and with the various persons to whom loans shall have been made, and of the expenses and disbursements in connection therewith.

Eighth. To perform such other duties as are prescribed by law.

Sec. 4. That the Treasurer of the United States is hereby authorized and directed to be caused to be printed, signed, and ready for issue, for the purposes hereinafter mentioned, circulating notes of the United States of the denominations of one dollar, five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars, five hundred dollars, and one thousand dollars, to the amount of one hundred million of dollars, and such additional amounts from time to time as shall be necessary to meet the requirements of this act.

Sec. 5. That said notes, when issued as hereinafter directed, shall be a legal tender in payment of private debts, equally with gold and silver coin for like amounts, and shall be received at par in all parts of the United States in payment of taxes, excises, public lands, and all other dues to the United States, and also for all salaries and other debts and demands owing by the United States, within the United States, except interest on the public debt, and in redemption of the national currency.

Sec. 6. That said notes, when ready for issue, shall be held in the Treasury to the credit of the land loan bureau until issued as hereinafter prescribed.

Sec. 7. That every person who is a citizen of the United States, or who has declared his intention to become such, and who is the owner, in fee, of unincumbered agricultural land, may file with the bureau an application for a loan to be secured by a lien upon such land, valued for agricultural purposes. Such application must be in the form prescribed by the chief of bureau, and must describe the land, and state its actual cash value for agriculture, independent of improvements, and also its assessed value for taxation purposes, for the year previous to application, the amount for which the loan is sought, which must not exceed one-half the assessed value of the land, and the time for which the loan is to run not exceeding twenty years, together with such other facts as the chief of bureau may by regulation prescribe. No loans shall be made upon land of less than five hundred dollars in value nor in sums less than two hundred and fifty dollars.

Sec. 8. That a copy of the application for such loan must, at or before the time of its receipt by the chief of bureau, be filed in the office of the recorder

of deeds or the officer exercising the functions of recorder in the county of the State or Territory in which the land described is situated, or if the land lies in two or more counties, in such office in each of the counties; and from the time of the filing of such application in such office such filing shall constitute a lien upon the land described for the amount of any loan granted by the United States under such application, and shall be notice to all subsequent purchasers and incumbrancers, and shall be a paramount lien over all others with which said land may be further incumbered, and shall, if the application is granted, continue until the money thereby secured, with the interest, costs, and legal charges of collection has been fully repaid and satisfied.

Sec. 9. That upon filing of such application with the bureau of land loans the applicant must deposit a sum, the amount of which shall be prescribed by the chief of bureau, sufficient to pay the costs of examination of the title to the land, and inspection and appraisal thereof, which examination, inspection, and appraisal shall be made by persons within the respective counties, to be appointed for that purpose by the chief of bureau, and their compensation must be paid out of the amount so deposited; the balance, if any, to be returned to the applicant.

Sec. 10. That if the chief of bureau, upon such application and upon the report of the commissioners of title and appraisers, is satisfied that the title is perfect and that the amount sought does not exceed one-half of the actual cash value of the property and is not greater than one-half of the assessed value thereof for the year previous to application, then it shall be his duty to notify applicant that the loan is granted, and to direct an entry to be made upon the books of his office, crediting the full amount of the loan to the applicant, and to transmit to the proper officer of the Treasury of the United States an order directing him to pay the amount thereof in the notes heretofore provided for, to the disbursing officer of the land loan bureau, where the same shall remain, subject to the order of the applicant, who may at once or from time to time as he may desire, draw the same upon his check or draft.

Sec. 11. That the chief of bureau, after having received the report of the commissioners of title and appraisers, and being satisfied that the title to said land is in the applicant, but that the loan sought is too large, may so notify the applicant, and advise him that a smaller sum (naming it) would be lent. In case the applicant accepts such smaller loan proceedings shall be then had, as provided in section ten thereof, and the chief of bureau shall issue to such applicant a certificate to be filed in recorder's office where the original application is filed, certifying that said loan has been made for an amount less than is set forth in the application (stating it), which certificate shall, as to the amount, have the effect of reducing the lien of the United States to the sum therein stated.

Sec. 12. That if upon the land described in the application there is an existing lien or incumbrance to secure the payment of money presently due and payable, and in an amount less than the loan sought and granted, then the land shall be deemed unincumbered; but instead of paying the amount loaned to the applicant it shall be the duty of the disbursing officer, out of the sum loaned, to pay off the amount due, and to cause to be discharged the lien or incumbrance, charging the amount of such payment to the applicant in like manner as if it had been paid on his check or draft.

Sec. 13. That it shall be the duty of the chief of bureau to cause an account to be opened, on the books of the Department, with each person to whom a loan is made, crediting him with the amount of the loan, and charging him with the amount drawn thereon, with interest on the amount so drawn at the rate of two per centum per annum, and also to credit to such account all payments made, so that such account shall at all times show the true state of account between such person and the United States.

Sec. 14. That any person who is indebted to the United States on any of the accounts aforesaid, may at any time pay into the bureau the whole or any part thereof, not less than twenty-five per centum, and may at the time of making such payment, with the consent of the chief of bureau, elect in writing to make the security already given a continuing one until the expiration of the twenty years, and may at any time during the life of the original

loan, by check or draft, draw from the bureau a sum or sums up to the full amount of the loan originally granted. It shall be the duty of the Secretary of the Treasury to cancel and retire from time to time amounts equal to the payments made on loans under the provisions of this act, and in case payment of such loans is made in other currency of the United States, to cancel an equal amount of the notes issued under the provisions of this act.

Sec. 15. That whenever an application for a loan is refused, or when a loan once made has been fully paid without an election to continue the same, the chief of bureau shall make a certificate stating the fact, which certificate, filed in the office of the recorder of the county in which the original application was filed, shall release the lien of the United States upon the land described in the application.

Sec. 16. That all loans made under the provisions of this act shall bear interest at the rate of two per centum per annum, payable annually, and in default of the payment of any such interest, or on any default in the payment of principal, the chief of bureau may order a foreclosure of the lien by a suit in the name of the United States as plaintiff, in any court of the State in which such mortgaged lands, or any part thereof may be, or in any circuit or district court of the United States for the district in which such mortgaged lands may lie, or if such mortgaged lands lie in a Territory, or in the District of Columbia, then in such territorial or district courts. All proceedings in foreclosure cases shall, as nearly as may be, conform to proceedings provided for by law in the State in which the land may be situated for foreclosure of mortgages, and in addition to the amount of the principal and interest recovered there shall in such proceedings be added to the principal and interest due, the cost thereof, and attorney and counsel fees at the rate of five per centum on the amount of the principal sum: *Provided*, That in no case shall such attorney and counsel fees exceed five hundred dollars.

Sec. 17. That words used in this act in the present tense shall include the future as well as the present. Words used in the masculine gender shall include the feminine. Words used in the singular number shall include the plural and the plural the singular; and the word person shall include corporations as well as natural persons.

Sec. 18. That the rule of the common law, that statutes in derogation thereof are to be strictly construed, shall have no application to this act. This act establishes the law respecting the subject to which it relates, and its provisions and all proceedings under it are to be liberally construed with a view to effect its object.

Sec. 19. That this act shall be in force from and after its date.

SPEECH

OF

HON. LELAND STANFORD,
OF CALIFORNIA.

The Senate, Wednesday, February 16, 1887, having under consideration the bill S. 3022—a bill to encourage co-operation and to provide for the formation of associations in the District of Columbia for the purpose of conducting any lawful business and dividing the profits among the members thereof—Mr. STANFORD said:

Mr. PRESIDENT: The bill which I have introduced (Senate Bill No. 3022) provides for the association and organization of individuals with or without capital. It gives no exclusive privileges, and is intended only to aid the natural right of association.

In a large sense, civilization itself rests and advances on the great principles of co-operation. The industries, the thoughts, the great ideas which produce vast and beneficial results, find their full development in association. Thus the discoveries in art and in science are distributed or availed of; and they inure to the benefit of the whole community—often to the whole civilized world.

CO-OPERATION STRENGTHENS THE WEAK.

So the organization of individuals for a common purpose gives the strength, the capacity, of the ablest to all in the association. The weakest, and the one of the least capacity, is brought up in advantages to the level of the best. The result of this association is to bring the individuals of the association closer to the entire fruits of their united industries. With a greater intelligence, and with a better understanding of the principles of co-operation, the adoption of them in practice will, in time, I imagine, cause most of the industries of the country to be carried on by these co-operative associations. The co-operation of individuals in kindred pursuits would have the effect of a furnishing, from their variety of labor, continuous employment. Thus a combination of men could even do farming—rendering for hire their services to the farmers—and might find that continuity of labor so important to the laborer and conducive to the maximum power of production which arises from constant employment.

PROPERTY DEPENDS ON PRODUCTION.

A country's prosperity must always mainly depend upon its power of production. This is to be brought about by the most intelligent direction and application of labor. Abundant illustrations might be given to show that the value of the labor of an individual, like the wealth of the country, will depend upon the power of production. The most notable example of this is to be found in the production of wheat in Egypt, in India, and in America. Wheat is raised in all these countries to compete in the same market—England. The compensation to the laborer on the banks of the Nile is a red radish; in India, about five cents a day. In my own State, California, the harvesters receive \$2.00 per day—forty times as much as his competitor receives in India. Now, these comparatively high wages could not be paid except upon a comparatively large production. The man in California receives forty times as much for a day's labor as a man in India; or the wages of one man in California equal those of forty men in India. And yet he competes successfully because he avails himself of the genius of inventors—cuts and threshes and puts into a sack a hundred pounds of wheat for a cent and a half.

THE LAW OF COMPENSATION.

And so in every other field of labor the compensation will always be in proportion to the production. The earth yields abundantly, through labor, to supply the wants of mankind. Her yield of supplies for the necessities, the comforts, the elegancies, and the splendors of life are only measured by the amount of intelligent labor that is applied to the cultivation of the soil, to the working of mines, of quarries, and of forests and their products; and if there is want among the provident and industrious it must be for the lack of the intelligent direction and application of labor. How far these wants may be supplied by legislation is a problem; but I believe much aid may be given.

In the history of nations, want of the commonest necessities has been the rule. Hitherto governments have been founded in force, maintained in force, and the principal thought has been to increase the force, or to so organize it as to preserve the government. Hence the large standing armies of Europe to-day. The theory of our Government is that it was instituted for the benefit of the people; that there are inalienable rights—rights which are superior to constitutions and laws, securing the individual in his rights of liberty, property, and the pursuit of happiness, even to the extent of commanding the support of every other citizen in the whole country. These great principles, securing the freedom and the rights of the individual, insure to us forever a free government so long as the intelligence of the people is adequate in appreciating the principles upon which their government is founded. Hence we need no great standing armies to overawe and menace the people; and our time and thoughts can be directed to their general development and to improvement in their condition.

It is in the hope of strengthening and developing the intelligence and the productive power of the individual without capital, or with but little, that I have introduced this bill, believing it to be one great step towards attaining the highest possibility of abundance of the necessities and comforts of life for every industrious and provident individual.

THE VALUE OF CO-OPERATION.

I believe that co-operation will bring out the highest capacities of those engaged in it. It will impart to each individual the stimulus of knowing that he or she may enjoy the full fruits of his or her skill and energy in their calling. In those countries where there is the most intelligence there is the greatest use made of labor-aiding machinery; and where this labor-aiding machinery is used most, as in our own country, there the compensation of the laborer is the largest. Even in Europe these countries that make most use of labor-aiding machinery have the best compensation for their labor.

Occasionally there is evidence of apprehension that labor-aiding machinery may deprive the laborer of the demand for his services; but any apprehension of that kind must readily disappear with the reflection that the wants of humanity are as boundless as the intelligence and capacity to conceive. With the ignorance of the Digger Indian there are few wants; no intelligence to conceive, and the demand for the labor supply of others is of the most limited kind. The more intelligent the people the greater are their wants, and with those increased wants the greater the demand for labor; and, in the universality of labor, the greater the capacity of individuals and communities to make exchange of their productions.

THE REMOVAL OF NON-PRODUCERS.

I have the hope and the faith that the principles of our Government, of our great bill of rights as set forth in the Declaration of Independence, will yet pervade the whole civilized world; and as these ideas are adopted, and as they expand into the control of governments, so will disappear great standing armies; non-producers will be changed into fruitful producers, adding to the comforts and happiness of humanity. Then the principal attention of the governments will be directed towards developing the arts of peace, and making humanity more happy.

In proposing the passage of a law of this kind, there is in it only an extension to persons without capital of the provisions that have existed heretofore

in the laws provided for the association of those with capital. There is no invasion of the principles of association which have happily done so much in the development of the resources of our country and proved such a stimulus to its industry.

The principle of co-operation of individuals is a most democratic one. It enables the requisite combination of numbers and capital to engage in and develop every enterprise of promise, however large. It is the absolute protection of the people against the possible monopoly of the few, and renders offensive monopoly, and a burdensome one, impossible. The only possible monopoly with these laws in existence is one of beneficence, and to the extent that the wants and conditions of the people can be better supplied than by any other means. So far, only, can there be a monopoly in our country under these laws of co-operation.

THE ADVANTAGES OF CO-OPERATION.

One of the great advantages of association of this kind is that in case of disagreement, death, or failure of individuals, the organization goes on; and in this respect it is freed from the disadvantages of an ordinary partnership. Besides, the diverse capacities of the different individuals, whatever they may be, unite to make up a great whole of strength and of large capacity.

One of the difficulties in the employment of women arises from their domestic duties; but co-operation would provide for a general utilization of their capacities and permit the prosecution of their business, without harm, because of the temporary incapacity of the individual to prosecute her calling. And if this co-operation shall relieve them of the temporary incapacity arising from the duties incident to motherhood, then their capacity for production may be utilized to the greatest extent.

Very many of the industries would be open to and managed as well by women in their co-operative capacity as by men. The moral influences of co-operation are very great. All in the organization are interested in the welfare and good conduct of every other member. All the good influences of the whole are brought to bear in favor of the individual, and all the individual members unite to make the whole most powerful for the accomplishment of results.

This bill was favorably reported from Committee on Education and Labor and is now on calendar of Senate.

END OF
TITLE